

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
Central Valley Project, California

INTERIM RENEWAL CONTRACT BETWEEN THE UNITED STATES
AND
CLEAR CREEK COMMUNITY SERVICES DISTRICT
PROVIDING FOR PROJECT WATER SERVICE

Table of Contents

<u>Article No.</u>	<u>Title</u>	<u>Page No.</u>
	Preamble	1
	Explanatory Recitals	1
1	Definitions	4
2	Term of Contract - Right to Use of Water	8
3	Water to Be Made Available and Delivered to the Contractor	12
4	Time for Delivery of Water	15
5	Point of Diversion and Responsibility for Distribution of Water	16
6	Measurement of Water Within the District	17
7	Rates and Method of Payment for Water	18
8	Non-Interest Bearing Operation and Maintenance Deficits	23
9	Transfers or Exchanges of Water	23
10	Application of Payments and Adjustments	24
11	Temporary Reductions--Return Flows	24
12	Water Shortage and Apportionment	25
13	Unavoidable Groundwater Percolation	28
14	Compliance with Federal Reclamation Law	28
15	Water and Air Pollution Control	28
16	Quality of Water	29
17	Water Acquired by the Contractor Other Than from the United States	29
18	Opinions and Determinations	30
19	Charges for Delinquent Payments	31
20	Equal Opportunity	31
21	General Obligation--Benefits Conditioned upon Payment	32
22	Compliance with Civil Rights Laws and Regulations	33
23	Privacy Act Compliance	33
24	Contractor to Pay Certain Miscellaneous Costs	34
25	Water Conservation	34
26	Existing or Acquired Water or Water Rights	36

<u>Article No.</u>	<u>Title</u>	<u>Page No.</u>
27	Sales and Delivery Outside of Contractor Service Area	36
28	Contingent on Appropriation or Allotment of Funds	36
29	Books Records and Reports	37
30	Assignment Limited--Successors and Assigns Obligated	37
31	Severability	37
32	Officials Not to Benefit	38
33	Changes in Contractor's Boundaries or Service Area	38
34	Notices	38
35	Continuation of Contract No. 14-06-200-489-A	39
	Signature Page	40
	Exhibit A	
	Exhibit B	

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
Central Valley Project, California

INTERIM RENEWAL CONTRACT BETWEEN THE UNITED STATES
AND
CLEAR CREEK COMMUNITY SERVICES DISTRICT
PROVIDING FOR PROJECT WATER SERVICE

THIS CONTRACT, made this 28th day of February 2001, in pursuance generally of the Act of June 17, 1902 (32 Stat. 388), and acts amendatory or supplementary thereto, including, but not limited to, the acts of August 26, 1937 (50 Stat. 844), as amended and supplemented, August 4, 1939 (53 Stat. 1187), as amended and supplemented, July 2, 1956 (70 Stat. 483), June 21, 1963 (77 Stat. 68), October 12, 1982 (96 Stat. 1262), as amended and Title XXXIV of the Act of October 30, 1992 (106 Stat. 4706), all collectively hereinafter referred to as the Federal Reclamation law, between THE UNITED STATES OF AMERICA, hereinafter referred to as the United States, and CLEAR CREEK COMMUNITY SERVICES DISTRICT, hereinafter referred to as the Contractor, a public agency of the State of California, duly organized, existing, and acting pursuant to the laws thereof, with its principal place of business in Shasta County, California;

WITNESSETH, That:

EXPLANATORY RECITALS

WHEREAS, the United States has constructed and is operating the Central Valley Project, California for diversion, storage, carriage, distribution and beneficial use, for flood control, irrigation, municipal, domestic, industrial, fish and wildlife mitigation, protection and restoration, generation and distribution of electric energy, salinity control, navigation and other

1 beneficial uses, of waters of the Sacramento River, the American River, the Trinity River, and
2 the San Joaquin River and their tributaries; and

3 WHEREAS, the United States constructed the Clear Creek South Unit, the
4 facilities of which will be used for the furnishing of water to meet area needs, including the
5 Contractor pursuant to the terms of this interim renewal contract; and

6 WHEREAS, the Contractor and the United States entered into Contract No. 14-
7 06-200-489-A dated May 14, 1963, as amended by an amendatory contract dated June 30, 1965,
8 and by a letter agreement from the Bureau of Reclamation to the Contractor dated December 14,
9 1971, which letter agreement was accepted and countersigned by the Contractor on December 21,
10 1971, which contracts and letter agreement provided the Contractor Central Valley Project water
11 from the Whiskeytown Reservoir and the Muletown Conduit; and

12 WHEREAS, the Contractor and the United States entered into interim renewal
13 contract(s) identified as Contract No(s). 14-06-200-489-A-IR1, 14-06-200-489-A-IR2, 14-06-
14 200-489-A-IR3, 14-06-200-489-A-IR4, and 14-06-200-489-A-IR5, the latter of which is
15 hereinafter referred to as the Existing Interim Renewal Contract, which provided for the
16 continued water service to the Contractor from December 1, 2000 through February 28, 2001;
17 and

18 WHEREAS, the United States has determined that the Contractor has to date
19 fulfilled all of its obligations under the Existing Interim Renewal Contract; and

20 WHEREAS, the Contracting Officer has determined that the Contractor has the
21 capability to fully utilize for reasonable and beneficial use, or shown projected future reasonable
22 and beneficial use for, the quantity of Project Water to be made available to it pursuant to this
23 interim renewal contract; and

1 WHEREAS, certain water users located outside the Contractor's boundaries are
2 desirous of obtaining or continuing an existing water supply from the Contractor; and

3 WHEREAS, the Contractor is willing to furnish water to said water users from
4 water supplies made available pursuant to this contract or from other sources approved by the
5 Contracting Officer; and

6 WHEREAS, subject to the capacity of the facilities of the Clear Creek South Unit,
7 the United States is willing to furnish water to the Contractor which may be used by the
8 Contractor to provide, under the terms and conditions of this contract, a water supply to certain
9 water users located outside the boundaries of the Contractor; and

10 WHEREAS, the Contractor has requested a subsequent interim renewal contract
11 pursuant to the Existing Interim Renewal Contract, Federal Reclamation law and the laws of the
12 State of California, for water service from the Central Valley Project; and

13 WHEREAS, rights of renewal of Contract No. 14-06-200-489-A, as amended, and
14 to convert said contract to a contract as provided by subsection (d), Section 9 of the Act of
15 August 4, 1939 (53 Stat. 1187) are set forth in said contract; and

16 WHEREAS, Section 3404 of the CVPIA, precludes long-term renewal of water
17 service contracts until the completion of appropriate environmental documentation, including a
18 programmatic environmental impact statement ("PEIS") pursuant to the National Environmental
19 Policy Act analyzing the direct and indirect impacts and benefits of implementing the CVPIA
20 and the potential renewal of all existing contracts for Project Water; and

21 WHEREAS, in order to continue water service provided under Project water
22 service contracts that expire prior to the completion of the PEIS, the United States intends to
23 execute interim renewal contracts for a period not to exceed three (3) Years in length, and for

1 successive interim periods of not more than two (2) Years in length, until appropriate environ-
2 mental documentation, including the PEIS, is finally completed, at which time the Secretary
3 shall, pursuant to Federal Reclamation law, upon request of the Contractor, enter into a long-term
4 renewal contract for a period of twenty-five (25) Years; and may thereafter renew such long-term
5 renewal contracts for successive periods not to exceed twenty-five (25) Years each; and

6 WHEREAS, the Secretary intends to assure uninterrupted water service and
7 continuity of contract through the process set forth in Article 2 hereof; and

8 WHEREAS, the United States is willing to renew the Existing Interim Renewal
9 Contract pursuant to section 3404(c)(1) of the CVPIA on the terms and conditions set forth
10 below.

11 NOW, THEREFORE, in consideration of the mutual and dependent covenants
12 herein contained, it is hereby mutually agreed by the parties hereto as follows:

13 DEFINITIONS

14 1. When used herein unless otherwise distinctly expressed, or manifestly incompati-
15 ble with the intent hereof, the term:

16 (a) "Calendar Year" shall mean the period January 1 through December 31,
17 both dates inclusive;

18 (b) "Charges" shall mean the payments in addition to the Rates determined
19 annually by the Contracting Officer, required by the Federal Reclamation law, including
20 Section 3407 of CVPIA;

21 (c) "Contractor's Service Area" shall mean the area to which the Contractor is
22 permitted to provide Project Water under this interim renewal contract, which area shall
23 consist of the lands within the Contractor's boundaries and the lands outside of the

1 Contractor's boundaries which are within the Contractor's "sphere of influence" as
2 established by the Shasta County Local Agency Formation Commission in accordance
3 with California law. Contractor's current service area is identified in Exhibit "A". The
4 Contractor's Service Area and Exhibit "A" may be modified upon approval of the
5 Contracting Officer without amendment of this contract. New water service connections
6 in the Contractor's Service Area which are outside the Contractor's boundaries, shall be
7 subject to prior approval of the Contracting Officer.

8 (d) "CVPIA" shall mean the Central Valley Project Improvement Act, Title
9 XXXIV of the Act of October 30, 1992 (106 Stat. 4706);

10 (e) "Delivered Water" shall mean Project Water made available to the Con-
11 tractor and diverted at the point(s) of delivery approved by the Contracting Officer;

12 (f) "Eligible Lands" shall mean all lands to which Irrigation Water may be
13 delivered in accordance with Section 204 of the Reclamation Reform Act of October 12,
14 1982 (96 Stat. 1263), as amended, hereinafter referred to as RRA;

15 (g) "Excess Lands" shall mean all lands defined as excess in Section 204 of
16 the RRA, other than those lands exempt from acreage limitation under Federal Reclama-
17 tion law;

18 (h) "Full Cost Rate" shall mean that water rate described in Sections 205(a)(3)
19 or 202(3) of the RRA, whichever is applicable;

20 (i) "Ineligible Lands" shall mean all lands to which Irrigation Water may not
21 be delivered in accordance with Section 204 of the RRA;

1 (j) "Irrigation Water" shall mean Project Water which is used primarily in the
2 production of agricultural crops or livestock, including domestic use incidental thereto,
3 and watering of livestock;

4 (k) "Landholder" shall mean an individual or entity attributed with the total
5 irrigable acreage of one or more tracts of land situated in one or more districts owned
6 and/or operated under a lease which is served with Irrigation Water pursuant to a contract
7 with the United States;

8 (l) "M&I Water" shall mean water made available from the Project other than
9 Irrigation Water. M&I Water shall include water used for purposes such as the watering
10 of landscaping or pasture for animals (e.g., horses) which are kept for personal enjoyment
11 or water delivered to landholdings operated in units of less than 2 acres unless the
12 Contractor establishes to the satisfaction of the Contracting Officer that the use of water
13 delivered to any such landholding is a use described in subdivision (j) of this Article;

14 (m) "O&M" shall mean normal and reasonable care, control, operation, repair,
15 replacement, administration of federal lands and facilities, and maintenance of the
16 Transferred Works;

17 (n) "Project" shall mean the Central Valley Project owned by the United
18 States and operated by the Department of the Interior, Bureau of Reclamation;

19 (o) "Project Water" shall mean all water that is developed, diverted, stored, or
20 delivered by the United States in accordance with the statutes authorizing the Project and
21 in accordance with the terms and conditions of applicable water rights permits and
22 licenses acquired by and/or issued to the United States pursuant to California law;

1 (p) "Rates" shall mean the payments determined annually by the Contracting
2 Officer in accordance with the then current applicable water ratesetting policies for the
3 Project;

4 (q) "Secretary" or "Contracting Officer" shall mean the Secretary of the
5 United States Department of the Interior or his duly authorized representative;

6 (r) "Year" shall mean the period from and including March 1 of each Calen-
7 dar Year through the last day of February of the following Calendar Year;

8 (s) "Project Works" shall mean the Muletown Conduit extending from the
9 downstream side of the bifurcation valve at the outlet works of Whiskeytown Dam to the
10 terminus of the conduit at the existing pressure regulating tank located at the Contractor's
11 northern boundary, together with all necessary federal lands and related facilities and
12 structures located thereon;

13 (t) "Distribution System" shall mean the general distribution and lateral
14 system, and related works or portions thereof, and all federal lands and federal interests in
15 lands held in connection therewith, which was constructed by the United States pursuant
16 to Contract No. 14-06-200-489-A, as amended;

17 (u) "Transferred Works" shall mean "Project Works" or "Distribution
18 System", or both, as defined herein, or portions thereof which have been transferred to the
19 Contractor for operation and maintenance pursuant to the terms of Contract No. 14-06-
20 200-489-A, as amended;

21 (v) "M&I Full Cost Rate" shall mean the annual rate which, as determined by
22 the Secretary, shall amortize the expenditures for construction allocable to Project M&I
23 facilities in service at the interest rates described in paragraph 3 of Section 202 of the

1 Reclamation Reform Act of 1982 (RRA), plus all operation and maintenance deficits
2 funded, less payments, over such periods as may be required under Federal reclamation
3 law or applicable contract provisions, with interest on both accruing from the dates such
4 costs were first incurred plus the applicable rate for the operation, maintenance and
5 replacement of such Project facilities.

6 TERM OF CONTRACT - RIGHT TO USE OF WATER

7 2. (a) This interim renewal contract shall be effective from March 1, 2001 and
8 shall remain in effect through February 28, 2002, and thereafter will be renewed as described in
9 this article. Except as provided in subdivision (b) of this Article, until completion of all
10 appropriate environmental review, and provided that the Contractor has complied with all the
11 terms and conditions of the interim renewal contract in effect for the period immediately
12 preceding the requested successive interim renewal contract, this interim renewal contract will be
13 renewed, upon request of the Contractor, for successive interim periods each of which shall be no
14 more than two (2) Years in length. Also, except as provided in subdivision (b) of this Article, in
15 order to promote orderly and cost effective contract administration, the terms and conditions in
16 subsequent interim renewal contracts shall be identical to the terms and conditions in the interim
17 renewal contract immediately preceding the subsequent interim renewal contract: Provided,
18 however, That each party preserves the right to propose modification(s) in any interim renewal
19 contract other than those described in subdivision (b) of this Article, in which case the parties
20 shall negotiate in good faith appropriate modification(s) to be included in any successive interim
21 renewal contracts. Said modification(s) of each successive interim renewal contract shall be
22 agreed upon within a reasonable time prior to the expiration of the then existing interim renewal
23 contract. Nothing in this Article shall in any way alter the obligation that, upon final completion

1 of the PEIS and any necessary supplemental environmental documentation, the Secretary shall,
2 pursuant to Federal Reclamation law, upon request of the Contractor, enter into a long-term
3 renewal contract for a period of twenty-five (25) Years and may thereafter renew such long-term
4 renewal contracts for successive periods not to exceed twenty-five (25) Years each. The
5 Contractor asserts that Contract No. 14-06-200-489-A, as amended, and existing law go beyond
6 the preceding sentence to give it enforceable rights to successive long-term renewal contracts.
7 The Contracting Officer disagrees with that assertion. The parties agree that this interim renewal
8 contract preserves the rights and positions of the parties and that the omission of language in this
9 interim renewal contract setting out the rights asserted by the Contractor to successive renewals
10 is not intended to be, nor shall it be interpreted as, a waiver of any such rights to the extent any
11 such rights are later determined to exist by a court of competent jurisdiction or by mutual
12 agreement of the parties. If a court of competent jurisdiction or the parties by mutual agreement
13 determine that incorporation of such language in this interim renewal contract is necessary to
14 preserve such rights, this interim renewal contract shall be construed as incorporating such
15 language as though fully set forth herein as of the effective date hereof.

16 (b) The parties anticipate that they will engage in good faith negotiations
17 intended to permit the execution of a twenty-five (25) Year long-term renewal contract contem-
18 plated by Section 3404 (c) of the CVPIA, hereinafter referred to as a “long-term renewal
19 contract”, by the end of the term hereof. The parties recognize the possibility that this schedule
20 may not be met. Accordingly:

21 (1) In the event (i) the Contractor and Contracting Officer have
22 reached agreement on the terms of the Contractor’s long-term renewal contract or (ii) the
23 Contractor and Contracting Officer have not completed the negotiations on the Contractor’s

1 long-term renewal contract, believe that further negotiations on that contract would be beneficial,
2 and mutually commit to continue to negotiate to seek to reach agreement, but (iii) all environ-
3 mental documentation required to allow execution of the Contractor's long-term renewal contract
4 by both parties has not been completed in time to allow execution of the Contractor's long-term
5 renewal contract by November 30, 2001, then (iv) the parties will expeditiously complete the
6 environmental documentation required of each of them in order to execute the Contractor's long-
7 term renewal contract at the earliest practicable date. In addition, the Contractor's then current
8 interim renewal contract will be renewed without change upon the request of either party through
9 the agreed-upon effective date of the Contractor's long-term renewal contract or, in the absence
10 of agreement on the terms of the Contractor's long-term renewal contract, through the succeeding
11 February 28.

12 (2) Provided that this interim renewal contract is not subject to
13 renewal under the terms described in subdivision (1) of this Article, if a party determines that the
14 parties have reached an impasse which they have been unable to resolve and which precludes
15 agreement on the long-term renewal contract, that party may notify the other that it has concluded
16 that there is no reasonable likelihood of reaching agreement on the terms of a long-term renewal
17 contract. In the event of such notice, the parties will immediately agree to a schedule and process
18 for negotiating the terms (other than any terms that would impair continuity of water supply or
19 continuity of contract) of and executing an interim renewal contract; provided that neither party
20 will propose for inclusion in the interim renewal contract any provision not previously included
21 in an existing interim renewal contract which it had previously proposed for inclusion in the
22 long-term renewal contract and which was the subject of an impasse in the long-term renewal
23 contract negotiations. The schedule will provide for completion of the negotiations of the terms

1 of that contract by February 1, 2002, and for execution of the contract on or about February 15,
2 2002. The parties each acknowledge the right of either party to seek judicial relief in connection
3 with any impasse reached in connection with negotiation of the long-term renewal contract
4 and/or an interim renewal contract that would become effective on or after February 28, 2002.

5 (c) The parties acknowledge that the Contractor asserts that it is entitled as a
6 matter of law to an interim renewal contract of longer duration than twelve (12) months, and that
7 the Contracting Officer asserts that it is under no obligation to provide the Contractor with an
8 interim renewal contract of any particular duration. Accordingly, the parties further acknowledge
9 that (i) the foregoing process represents a mutual accommodation to facilitate their joint desire to
10 proceed with the development of a long-term renewal contract in an expeditious and orderly
11 manner, (ii) they each preserve their respective rights and positions relative to the entitlement of
12 the Contractor to subsequent interim renewal contracts should they become necessary, and the
13 terms thereof, and (iii) their agreement to the process and interim renewal contract terms
14 described above is in no way intended to be, nor will it be interpreted as, a waiver of any such
15 rights or positions, all of which are and will be expressly preserved.

16 (d) The omission of language in this interim renewal contract providing for
17 conversion of this interim renewal contract or any subsequent renewals thereof to a repayment
18 contract, pursuant to the Act of July 2, 1956 (70 Stat. 483), shall not prejudice the Contractor's
19 right to assert a right to have such language included in subsequent renewals of this interim
20 renewal contract or to exercise such conversion, all as provided by law, or to negotiate the
21 language regarding such conversion to be included in subsequent renewal contracts.

1 WATER TO BE MADE AVAILABLE AND DELIVERED TO THE CONTRACTOR

2 3. (a) Subject to the provisions set forth in Articles 11 and 12 hereof, and
3 consistent with applicable State water rights, permits and licenses, the Contractor is entitled to,
4 and the Contracting Officer shall be obligated to make available to the Contractor up to 15,300
5 acre-feet of Project Water for irrigation and/or municipal and industrial purposes during the term
6 of this interim renewal contract. The quantity of Project Water delivered to the Contractor in
7 accordance with this Article 3(a) in any Year shall be scheduled and paid for pursuant to the
8 provisions of Articles 4 and 7 hereof, and shall not exceed the quantity of Project Water the
9 Contractor intends to put to reasonable beneficial use within the Contractor's Service Area, or
10 sold, transferred, or exchanged pursuant to Article 9, or sold pursuant to Article 27 hereof, during
11 the term of this interim renewal contract.

12 (b) The Contractor shall utilize the Project Water made available to it pursuant
13 to this interim renewal contract in accordance with all applicable requirements of any Biological
14 Opinion addressing the execution of this interim renewal contract developed pursuant to Section
15 7 of the Endangered Species Act of 1973 as amended, and in accordance with environmental
16 documentation as may be required for specific activities, including conversion of Irrigation Water
17 to M&I Water.

18 (c) The Contractor shall make reasonable and beneficial use of Project Water
19 or other water furnished pursuant to this interim renewal contract. Use of Project Water in a
20 groundwater recharge program shall be permitted under this contract to the extent that it is
21 recognized as a reasonable and beneficial use of water under California law and is otherwise

1 carried out in accordance with California law; Provided, however, that such a groundwater
2 recharge program cannot be undertaken until the Contractor submits a groundwater management
3 plan that is consistent and in compliance with any Central Valley Project-wide groundwater
4 recharge policies that may hereafter be adopted by the Bureau of Reclamation and that demon-
5 strates to the Contracting Officer's satisfaction that groundwater recharge will enhance the
6 Contractor's use and management of its overall water supply. Further, the use of Project Water
7 by sale to certain water users outside the Contractor's Service Area, as authorized under Article
8 27 hereof and approved by the Contracting Officer, shall be considered a reasonable and
9 beneficial use of Project Water.

10 (d) If the Contracting Officer determines that Project Water, or other water
11 available to the Project, can be made available to the Contractor in addition to the quantity of
12 Project Water made available to the Contractor pursuant to subdivision (a) of this Article, the
13 Contracting Officer shall so notify the Contractor. If the Contractor requests the delivery of any
14 quantity of such water, the Contracting Officer shall make such water available to the Contractor
15 in accordance with applicable statutes, regulations, guidelines and policies.

16 (e) If the Contractor requests permission to reschedule for use during the
17 subsequent Year some or all of the Project Water made available to the Contractor during the
18 current Year or to use, during the current Year, that quantity of Project Water the United States
19 has agreed to make available to the Contractor during the subsequent Year, the Contracting
20 Officer may permit such uses in accordance with applicable statutes, regulations, guidelines and
21 policies.

22 (f) The Contractor's right pursuant to Federal Reclamation law and applicable
23 State law to the beneficial use of water furnished pursuant to this interim renewal contract, any

1 subsequent interim renewal contract and, as described in Article 2(a), any long-term renewal
2 contract, shall not be disturbed so long as the Contractor shall fulfill all of its obligations under
3 this interim renewal contract and any such renewal thereof. Nothing in the preceding sentence
4 shall affect the Contracting Officer's ability to impose shortages under Article 12 of this interim
5 renewal contract and the applicable provisions of any such renewal thereof.

6 (g) Notwithstanding subdivisions (j) and (l) of Article 1, Project Water
7 furnished to the Contractor pursuant to this interim renewal contract may be delivered for
8 purposes other than those described in subdivisions (j) and (l) of Article 1 upon written approval
9 by the Contracting Officer in accordance with the terms and conditions of such approval.

10 TIME FOR DELIVERY OF WATER

11 4. (a) On or about February 15, of each Calendar Year, the Contracting Officer
12 shall declare the amount of Project Water estimated to be made available to the Contractor
13 pursuant to this interim renewal contract for the upcoming Year. The declaration will be updated
14 monthly, as necessary, based on current hydrologic conditions. The Contracting Officer shall
15 make available the forecast of Project operations, with relevant supporting information, upon the
16 written request of the Contractor or its representatives. Upon written request of the Contractor,
17 the Contracting Officer shall provide the basis of the estimate which shall include, but not be
18 limited to, a monthly pumping forecast for the O'Neill Pumping Plant, the projected carryover of
19 Project reservoirs, projected CVPIA impacts, projected Endangered Species Act and all other
20 regulatory impacts.

21 (b) On or before each March 1, the Contractor shall submit to the Contracting
22 Officer and at such other times as necessary, a written schedule, satisfactory to the Contracting
23 Officer, showing the times, and quantities of Project Water to be delivered by the United States

1 to the Contractor during the upcoming Year pursuant to this interim renewal contract, and,
2 consistent with subdivision (a) of Article 3 herein.

3 (c) Subject to the conditions set forth in subdivision (a), Article 3, the United
4 States shall deliver Project Water to the Contractor in accordance with the initial schedule
5 submitted by the Contractor pursuant to subdivision (b) of this Article, or any revision(s) thereto
6 submitted within a reasonable time prior to the date(s) on which the requested change(s) is/are to
7 be implemented.

8 POINT OF DIVERSION AND RESPONSIBILITY FOR DISTRIBUTION OF WATER

9 5. (a) The Project Water to be furnished to the Contractor pursuant to this
10 interim renewal contract shall be made available to the Contractor at the downstream side of the
11 bifurcation valve at the Whiskeytown Dam outlet works and any additional point or points of
12 delivery either on Project facilities or another location or locations mutually agreed to in writing
13 by the Contracting Officer and the Contractor.

14 (b) The Contracting Officer shall make all reasonable efforts to furnish Project
15 Water to the Contractor at the full design head of the aforementioned bifurcation valve less any
16 reductions in capacity or head caused by devices or systems owned, installed, or utilized by the
17 Contractor which are not part of the Project Works.

18 (c) Irrigation Water furnished to the Contractor pursuant to this interim
19 renewal contract shall be delivered by the Contractor in accordance with any applicable land
20 classification provisions of Federal Reclamation law and the associated regulations. Project
21 Water shall not be delivered to land outside the Contractor's Service Area unless approved in
22 advance by the Contracting Officer.

1 (d) All Project Water delivered to the Contractor pursuant to this interim
2 renewal contract shall be measured and recorded with equipment furnished, installed, operated
3 and maintained by the Contractor at the point or points of delivery established pursuant to
4 subdivision (a) of this Article. Upon the request of either party to this interim renewal contract,
5 the Contractor shall investigate the accuracy of such measurements and shall take any necessary
6 steps to adjust any errors appearing therein to the satisfaction of the Contracting Officer. The
7 Contractor shall advise the Contracting Officer on or before the 10th calendar day of each month
8 of the quantity of M&I and Irrigation Water taken during the preceding month.

9 (e) The United States shall not be responsible for the control, carriage,
10 handling, use, disposal, or distribution of Project Water made available to the Contractor
11 pursuant to this interim renewal contract beyond the delivery points specified in subdivision (a)
12 of this Article. The Contractor shall indemnify the United States its officers, employees, agents
13 and assigns on account of damage or claim of damage of any nature whatsoever for which there
14 is legal responsibility, including property damage, personal injury or death arising out of or
15 connected with the control, carriage, handling, use, disposal, or distribution of such Project
16 Water beyond such delivery points, except for any damage or claim arising out of (i) acts
17 performed by the United States or any of its officers, employees, agents or assigns, with the
18 intent of creating the situation resulting in any damage or claim, (ii) willful misconduct of the
19 United States or any of its officers, employees, agents, or assigns, or (iii) negligence of the
20 United States or any of its officers, employees, agents or assigns.

21 MEASUREMENT OF WATER WITHIN THE DISTRICT

22 6. (a) As of the date hereof, the Contractor measures all deliveries of Irrigation
23 Water and M&I Water at its agricultural turnouts or service connections, respectively, and the

Contracting Officer acknowledges that such water measurement devices are acceptable and are in use. All new surface water delivery systems installed within the Contractor's Service Area after the effective date of this interim renewal contract shall also be equipped with water measuring devices acceptable to the Contracting Officer. The Contractor shall be responsible for maintaining, repairing, installing and operating all such measuring devices at no cost to the United States. The Contractor shall use the information obtained from such water measuring devices or water measuring methods to ensure proper management of the water; to bill water users for water delivered by the Contractor; and, if applicable, to record water delivered for municipal and industrial purposes by customer class as defined in its water conservation plan. Nothing herein contained, however, shall preclude the Contractor from establishing and collecting any charges, assessments or other revenues authorized by California law. The Contractor shall include a summary of its annual surface water deliveries in the annual report described in Article 25(d).

(b) The Contractor shall inform the Contracting Officer and the State of California in writing by April 30 of each Year of the monthly volume of surface water delivered within the Contractor's Service Area during the previous Year.

(c) The Contractor shall be responsible for ascertaining whether the Project Water delivered by it is put to use as Irrigation Water or M&I Water and for reporting changes in usage to the Contracting Officer so that the Contracting Officer can prospectively apply the appropriate Rates and Charges. The Contractor shall continuously collect such information and take such other steps as may be necessary in this regard.

RATES AND METHOD OF PAYMENT FOR WATER

7. (a) The Contractor shall pay the United States in monthly payments as provided in this Article for the quantities of Delivered Water furnished to the Contractor pursuant to this

1 interim renewal contract. Such payments shall consist of the applicable Rates and Charges
2 determined annually in accordance with applicable Federal law and associated regulations and
3 applied in accordance with subdivision (j) of this Article. The Rates and Charges applicable
4 upon execution of this interim renewal contract are set forth in Exhibit "B."

5 (b) The Contracting Officer shall notify the Contractor of the Rates and
6 Charges as follows:

7 (1) Prior to July 1, of each Calendar Year, the Contracting Officer
8 shall provide the Contractor the preliminary calculation of the Charges that will be applied for
9 the period October 1, of the current Calendar Year, through September 30, of the following
10 Calendar Year, and identify the statutes, regulations and guidelines used as the basis for such
11 calculations. On or before September 15, of each Calendar Year, the Contracting Officer shall
12 notify the Contractor in writing of the Charges to be in effect during the period October 1, of the
13 current Calendar Year, through September 30, of the following Calendar Year, and such
14 notification shall revise Exhibit "B."

15 (2) Prior to October 1 of each Calendar Year, the Contracting Officer
16 shall make available to the Contractor an estimate of the Rates of payment for the following Year
17 and the computations and cost allocations upon which those Rates are based. The Contractor
18 shall be allowed not less than two months to review and comment on such computations and cost
19 allocations. By December 31 of each Calendar Year, the Contracting Officer shall provide the
20 Contractor with the final Rates to be in effect for the upcoming Year, and such notification shall
21 revise Exhibit "B."

22 (c) At the time the Contractor submits the initial schedule for the delivery of
23 Project Water for each Year pursuant to Article 4(b) of this interim renewal contract, the

1 Contractor shall pay the United States the total amount payable pursuant to the applicable Rate(s)
2 for all Project Water scheduled to be delivered pursuant to this interim renewal contract during
3 the first two (2) calendar months of the Year. Before the end of the first month or part thereof of
4 the Year, and before the end of each calendar month thereafter, the Contractor shall pay pursuant
5 to the applicable Rate(s) for all Project Water scheduled to be delivered pursuant to this interim
6 renewal contract during the second month immediately following. Adjustments between the
7 payments for the scheduled amount of Project Water and the appropriate payments for quantities
8 of Delivered Water furnished pursuant to this interim renewal contract each month shall be made
9 before the end of the following month: Provided, That any revised schedule submitted by the
10 Contractor pursuant to Article 4 which increases the amount of Project Water to be delivered
11 pursuant to this interim renewal contract during any month shall be accompanied with appropri-
12 ate payment for Rates to assure that Project Water is not furnished to the Contractor in advance
13 of such payment. In any month in which the quantity of Delivered Water furnished to the
14 Contractor pursuant to this interim renewal contract equals the quantity of Project Water
15 scheduled and paid for by the Contractor, no additional Project Water shall be made available to
16 the Contractor unless and until payment of Rates for such additional Project Water is made.
17 Final adjustment between the payments of Rates for the Project Water scheduled and the
18 quantities of Delivered Water furnished during each Year pursuant to its contract shall be made
19 as soon as possible but no later than April 30th of the following Year.

20 (d) The Contractor shall pay all Charges owing for Delivered Water before the
21 end of the month following the month of delivery. Such amounts shall be consistent with the
22 quantities of Irrigation Water and M&I Water shown in the United States' water delivery report
23 for the subject month. The water delivery report shall be regarded by the Contractor as a bill for

1 the payment of appropriate Charges. Any monthly adjustment for overpayment or underpayment
2 of Charges shall be accomplished through the adjustment of Charges due to the United States in
3 the next month. By March 31, of each Year, the Contractor shall make any additional payment
4 of Charges it is obligated to make for Delivered Water furnished to the Contractor pursuant to its
5 contract for the previous Year. The amount to be paid for past due payment of Charges shall be
6 computed pursuant to Article 19 of this interim renewal contract.

7 (e) The Contractor shall pay for any Project Water provided under Article 3(d)
8 or 3(e) as determined by the Contracting Officer pursuant to applicable statutes, regulations,
9 guidelines and policies.

10 (f) Payments to be made by the Contractor to the United States under this
11 interim renewal contract may be paid from any revenues available to the Contractor.

12 (g) Revenues received by the United States pursuant to this interim renewal
13 contract shall be allocated and applied in accordance with Federal Reclamation law, including
14 but not limited to, subsection 3 of Section 1 of the Act of July 2, 1956 (70 Stat. 483), and
15 subsection (f) of Section 3405, subsection (c)(1) of Section 3406 and subsection (d)(2)(A) of
16 Section 3407 of the CVPIA, and the associated regulations, including but not limited to, the
17 Project Irrigation Water ratesetting policy and the Project M&I ratesetting policy promulgated
18 pursuant to the Administrative Procedures Act.

19 (h) At the Contractor's request, the Contracting Officer shall provide to the
20 Contractor an accounting of all of the expenses allocated and the disposition of all revenues
21 received pursuant to this interim renewal contract in sufficient detail to allow the Contractor to
22 determine that the allocation of expenses and disposition of all revenues received was accom-
23 plished in conformance with Federal Reclamation law and the associated regulations. The

Contracting Officer and the Contractor shall enter into good faith negotiations to resolve any discrepancies or disputes arising out of said accounting of the Contractor's review thereof.

(i) The parties acknowledge and agree that the efficient administration of this interim renewal contract is their mutual goal. Recognizing that experience has demonstrated that mechanisms, policies and procedures used for establishing Rates and Charges, and/or for making and allocating payments, other than those set forth in this Article would be in the mutual best interest of the parties, it is expressly agreed that the parties may enter into agreements for alternative mechanisms, policies and procedures for any of those purposes while this interim renewal contract is in effect without amending this contract.

(j) If the amount of Delivered Water equals or is less than 80 percent of the Contractor's maximum contractual entitlement to Project Water pursuant to Article 3(a), then payment for all Delivered Water shall be at the applicable Rates specified in Exhibit B. If the amount of Delivered Water exceeds 80 percent of the Contractor's maximum contractual entitlement to Project Water pursuant to Article 3(a), then payment for that amount of Delivered Water which equals 80 percent of the maximum contractual entitlement shall be at the applicable Rates specified in Exhibit B, but payment for the increment of Delivered Water which is in excess of 80 percent of the maximum contractual entitlement shall be as follows:

(1) For the increment of Delivered Water which is in excess of 80 percent of maximum contract entitlement, this increment shall be deemed to be divided between Irrigation Water and M&I Water in the same proportion as actual deliveries of each bear to the total of Delivered Water.

(2) When the total of Delivered Water exceeds 80 percent of, but is less than 90 percent of, maximum contractual entitlement, then the increment in excess of 80

1 percent which is deemed to be Irrigation Water shall be paid for by the Contractor at a rate equal
2 to the average of the applicable Rate and the Full Cost Rate and the increment in excess of 80
3 percent which is deemed to be M&I Water shall be paid for by the Contractor at a rate equal to
4 the average of the applicable Rate and the M&I Full Cost Rate.

5 (3) When the total of Delivered Water exceeds 90 percent of maxi-
6 mum contractual entitlement, then the increment in excess of 90 percent which is deemed to be
7 Irrigation Water shall be paid for by the Contractor at the Full Cost Rate and the increment in
8 excess of 90 percent which is deemed to be M&I Water shall be paid for by the Contractor at the
9 M&I Full Cost Rate.

10 NON-INTEREST BEARING OPERATION AND MAINTENANCE DEFICITS

11 8. The Contractor and the Contracting Officer concur that at the time of the
12 execution of Contract No. 14-06-200-489-A-IR1 the Contractor had paid all of its non-interest
13 bearing operation and maintenance deficits and shall have no further liability therefor.

14 TRANSFERS OR EXCHANGES OF WATER

15 9. (a) The right to Project Water provided for in this interim renewal contract
16 may be sold, transferred, or exchanged to others for beneficial uses within the State of California
17 if such sale, transfer or exchange is authorized by applicable Federal laws, State laws, and
18 applicable guidelines or regulations then in effect. The right to sell, transfer or exchange Project
19 Water shall include, and the Contracting Officer shall apply this Article in a manner that does not
20 impede or restrict, lawful short-term sales, transfers, subcontracts or exchanges of the type the
21 Contractor historically carried out with approval of the Contracting Officer under Contract No.
22 14-06-200-489-A, as amended. No sale, transfer or exchange of the right to Project Water under

1 this interim renewal contract may take place without the prior written approval of the Contracting
2 Officer.

3 (b) For the purpose of determining whether Section 3405(a)(1)(M) of the
4 CVPIA applies to the Contractor as a transferor or a transferee of Project Water, the Contracting
5 Officer acknowledges that the Contractor is within a county, watershed, or other area of origin, as
6 those terms are utilized under California law, of water that constitutes the natural flow of the
7 Sacramento River and its tributaries above the confluence of the American and Sacramento
8 Rivers.

9 APPLICATION OF PAYMENTS AND ADJUSTMENTS

10 10. (a) The amount of any overpayment by the Contractor shall be applied first to
11 any accrued indebtedness arising out of this interim renewal contract then due and payable by the
12 Contractor. Any amount of such overpayment then remaining shall, at the option of the
13 Contractor, be refunded to the Contractor or credited upon amounts to become due to the United
14 States from the Contractor under the provisions hereof in the following months. With respect to
15 overpayment, such adjustment shall constitute the sole remedy of the Contractor or anyone
16 having or claiming to have the right to the use of any of the water supply provided for herein.

17 (b) All advances for miscellaneous costs incurred for work requested by the
18 Contractor pursuant to Article 24 shall be adjusted to reflect the actual costs when the work has
19 been completed. If the advances exceed the actual costs incurred, the difference will be refunded
20 to the Contractor. If the actual costs exceed the Contractor's advances, the Contractor will be
21 billed for the additional costs pursuant to Article 24.

1 TEMPORARY REDUCTIONS--RETURN FLOWS

11. (a) Subject to: i) the authorized purposes and priorities of the Project; and ii) the obligations of the United States under existing contracts, or renewals thereof, providing for water deliveries from the Project, the Contracting Officer shall make all reasonable efforts to optimize Project Water deliveries to the Contractor as provided in the contract.

(b) The United States may temporarily discontinue or reduce the quantity of Project Water to be delivered to the Contractor as herein provided for the purposes of investigation, inspection, maintenance, repair, or replacement of any of the Project facilities or any part thereof necessary for the delivery of Project Water to the Contractor, but so far as feasible the Contracting Officer will give the Contractor due notice in advance of such temporary discontinuance or reduction, except in case of emergency, in which case no notice need be given: Provided, That the United States shall use its best efforts to avoid any discontinuance or reduction in such service. Upon resumption of service after such reduction or discontinuance, and if requested by the Contractor, the United States will, if possible, deliver the quantity of Project Water which would have been delivered hereunder in the absence of such discontinuance or reduction: Provided, Further, That with respect to any quantity of Project Water not delivered after a discontinuance or reduction the Contractor shall be relieved of its scheduling and payment obligations for such quantity of Project Water.

9 (c) The United States reserves the right to all seepage and return flow water
10 derived from water delivered to the Contractor hereunder which escapes or is discharged beyond
11 the Contractor's Service Area: Provided, That this shall not be construed as claiming for the
12 United States any right to seepage or return flow being put to reasonable and beneficial use

pursuant to this interim renewal contract within the Contractor's Service Area by the Contractor or those claiming by, through, or under the Contractor.

WATER SHORTAGE AND APPORTIONMENT

12. (a) In its operation of the Project, the Contracting Officer will use all reasonable means to guard against a condition of shortage in the quantity of water to be made available to the Contractor pursuant to this contract. Insofar as determined by the Contracting Officer to be practicable, the Contracting Officer will, in the event a shortage appears probable, notify the Contractor of such determinations as soon as possible.

(b) If there is a reduction in the total water supply available to the Contractor during any Year because of errors in physical operations of the Project, drought, other physical causes beyond the control of the Contracting Officer or actions taken by the Contracting Officer to meet legal obligations, no liability shall accrue against the United States or any of its officers, agents, or employees for any damages, direct or indirect, arising therefrom, so long as actions based upon the opinions or determinations of the Contracting Officer are consistent with the standards in Article 18.

(c) In any Year in which there may occur a shortage for any of the reasons specified in subdivision (b) above, the Contracting Officer shall apportion the available Project Water supply among the Contractor and others entitled, under existing contracts and future contracts (to the extent such future contracts are permitted under subsections (a) and (b) of Section 3404 of the CVPIA) and renewals thereof, to receive Project Water consistent with the contractual obligations of the United States: Provided, That no reduction shall be made to M&I Water made available to the Contractor unless and until reductions have also been imposed on irrigation users receiving water from the integrated Project Water supply, irrespective of water

1 allocations as determined by the Contracting Officer made to prevent undue hardship: and
2 Provided Further, That in no Year of shortage shall the Contracting Officer reduce the quantity of
3 M&I Water made available to the Contractor by more than 25 percent of historical use, as
4 defined in subdivision (e) of this Article, unless the type of water shortage emergency condition
5 described in subdivision (f) of this Article exists. The quantity of Project Water made available
6 to the Contractor shall be determined in accordance with the following subdivisions of this
7 Article.

8 (d) Regulatory Restrictions. During any Year in which the Contracting Officer
9 determines that the United States will be unable to provide the full supply of Project Water
10 specified in this contract, and the basis of that determination is regulatory restrictions on the
11 delivery of Project Water to the Contractor, the minimum amount of M&I Water the Contracting
12 Officer will make available to the Contractor for municipal and industrial use shall be 85 percent
13 of historical use, as defined below.

14 (e) Water Shortages. During any Year in which the Contracting Officer
15 determines that the United States will be unable to provide the full supply of Project Water
16 specified in this contract, and the basis of this determination is a shortage of water, the quantity
17 of M&I Water the Contracting Officer will make available to the Contractor for municipal and
18 industrial use shall be a percentage of historical use, as defined below. The amount of M&I
19 Water made available to the Contractor for municipal and industrial use pursuant to this subdivi-
20 sion shall not be less than 75 percent of historical use. Historical use shall be the average quantity
21 of M&I Water put to beneficial use within the Service Area during the last three years of water
22 deliveries not affected by water shortages adjusted for growth.

1 (f) Minimum Public Health. During any Year in which the Contracting
2 Officer determines that the United States will be unable to provide the full supply of Project
3 Water specified in this contract to the Contractor, and the basis of that determination is that the
4 Project Water supply is so severe that shortages beyond those in subdivision (c) are deemed
5 necessary for Project municipal and industrial users, the Contracting Officer shall declare that a
6 state of water shortage emergency exists with respect to water available to municipal and
7 industrial users. A state of water shortage emergency shall not be declared for municipal and
8 industrial users unless Project agricultural water users' allocation is being established on a case-
9 by-case basis for sustaining the life of trees and vines. During a water shortage emergency,
10 municipal and industrial water service contractor allocations, including the Contractor, shall be
11 sufficient to satisfy public health and safety requirements, as calculated by the Contractor,
12 pursuant to its then current water shortage contingency plan.

13 (g) Upon filing of the Record of Decision associated with the environmental
14 documentation mandated by Section 3409 of P.L. 102-575, or upon negotiation of the next
15 successive interim renewal contract, whichever is earlier in time, the Contractor and the
16 Contracting Officer shall renegotiate the provisions of this Article. The renegotiation of this
17 Article will be for the purpose of modifying this Article consistent with the then existing Project
18 shortage policy.

19 UNAVOIDABLE GROUNDWATER PERCOLATION

20 13. The Contractor shall not be deemed to have furnished Irrigation Water to Excess
21 Lands or Ineligible Lands within the meaning of this interim renewal contract if such lands are
22 irrigated with groundwater that reaches the underground strata as an unavoidable result of the
23 furnishing of Irrigation Water by the Contractor to Eligible Lands.

1 COMPLIANCE WITH FEDERAL RECLAMATION LAW

2 14. This interim renewal contract shall be implemented in accordance with all
3 applicable provisions of Federal Reclamation law, as amended and supplemented.

4 WATER AND AIR POLLUTION CONTROL

5 15. The Contractor, in carrying out this contract, shall comply with all applicable
6 water and air pollution laws and regulations of the United States and the State of California, and
7 shall obtain all required permits or licenses from the appropriate Federal, State, or local authori-
8 ties.

9 QUALITY OF WATER

10 16. (a) Project facilities used to make available and deliver Project Water to the
11 Contractor pursuant to this interim renewal contract shall be operated and maintained to enable
12 the United States to make available and deliver Project Water to the Contractor in accordance
13 with the water quality standards specified in subsection 2(b) of the Act of August 26, 1937 (50
14 Stat. 865), as added by Section 101 of the Act of October 27, 1986 (100 Stat. 3050) or other
15 existing Federal laws. The United States is under no obligation to construct or furnish water
16 treatment facilities to maintain or to better the quality of Project Water furnished to the Contrac-
17 tor pursuant to this contract. The United States does not warrant the quality of Project Water
18 made available and delivered to the Contractor pursuant to this contract.

19 (b) The operation and maintenance of Project facilities shall be performed in
20 such manner as is practicable to maintain the quality of raw water made available through such
21 facilities at the highest level reasonably attainable as determined by the Contracting Officer. The
22 Contractor shall be responsible for compliance with all State and Federal water quality standards
23 applicable to surface and subsurface agricultural drainage discharges generated through the use of
24 Federal or Contractor facilities or Project Water provided by the Contractor within the Contrac-

1 tor's Service Area. This Article shall not affect or alter any legal obligations of the Secretary to
2 provide drainage services.

3 WATER ACQUIRED BY THE CONTRACTOR OTHER THAN
4 FROM THE UNITED STATES

5 17. Water or water rights now owned or hereafter acquired by the Contractor other
6 than from the United States and Irrigation Water furnished pursuant to the terms of this interim
7 renewal contract may be simultaneously transported through the same distribution facilities of the
8 Contractor subject to the following: (i) if the facilities utilized for commingling Irrigation Water
9 and non-Project water were constructed without funds made available pursuant to Federal
10 Reclamation law, the provisions of Federal Reclamation law will be applicable only to the
11 Landholders of lands which receive Irrigation Water; (ii) the eligibility of land to receive
12 Irrigation Water must be established through the certification requirements as specified in the
13 Acreage Limitation Rules and Regulations (43 CFR Part 426); (iii) the water requirements of
14 Eligible Lands within the Contractor's Service Area can be established and the quantity of
15 Irrigation Water to be utilized is less than or equal to the quantity necessary to irrigate such
16 Eligible Lands; and (iv) if the facilities utilized for commingling Irrigation Water and non-
17 Project water are constructed with funds made available pursuant to Federal Reclamation law,
18 the non-Project water will be subject to Federal Reclamation law, until such funds have been
19 repaid.

20 OPINIONS AND DETERMINATIONS

21 18. (a) Where the terms of this interim renewal contract provide for actions to be
22 based upon the opinion or determination of either party to this contract, said terms shall not be
23 construed as permitting such action to be predicated upon arbitrary, capricious, or unreasonable

1 opinions or determinations. Both parties, notwithstanding any other provisions of this contract,
2 expressly reserve the right to seek relief from and appropriate adjustment, including monetary
3 damages, for any such arbitrary, capricious or unreasonable opinion or determination. Each
4 opinion or determination by either party shall be provided in a timely manner.

5 (b) The Contracting Officer shall have the right to make determinations
6 necessary to administer this interim renewal contract that are consistent with the expressed and
7 implied provisions of this contract, the laws of the United States and the State of California, and
8 the rules and regulations promulgated by the Secretary of the Interior. Such determinations shall
9 be made in consultation with the Contractor to the extent reasonably practicable.

10 CHARGES FOR DELINQUENT PAYMENTS

11 19. (a) The Contractor shall be subject to interest, administrative and penalty
12 charges on delinquent installments or payments. When a payment is not received by the due
13 date, the Contractor shall pay an interest charge for each day the payment is delinquent beyond
14 the due date. When a payment becomes 60 days delinquent, the Contractor shall pay an
15 administrative charge to cover additional costs of billing and processing the delinquent payment.
16 When a payment is delinquent 90 days or more, the Contractor shall pay an additional penalty
17 charge of 6 percent per year for each day the payment is delinquent beyond the due date. Further,
18 the Contractor shall pay any fees incurred for debt collection services associated with a delin-
19 quent payment.

20 (b) The interest charge rate shall be the greater of the rate prescribed quarterly
21 in the Federal Register by the Department of the Treasury for application to overdue payments, or
22 the interest rate of 0.5 percent per month prescribed by Section 6 of the Reclamation Project Act
23 of 1939 (Public Law 76-260). The interest charge rate shall be determined as of the due date and
24 remain fixed for the duration of the delinquent period.

25 (c) When a partial payment on a delinquent account is received, the amount
26 received shall be applied, first to the penalty, second to the administrative charges, third to the
27 accrued interest, and finally to the overdue payment.

1 EQUAL OPPORTUNITY

2 20. During the performance of this contract, the Contractor agrees as follows:

3 (1) The Contractor will not discriminate against any employee or applicant for
4 employment because of race, color, religion, sex, or national origin. The Contractor will
5 take affirmative action to ensure that applicants are employed, and that employees are
6 treated during employment, without regard to their race, color, religion, sex, or national
7 origin. Such action shall include, but not be limited to, the following: Employment,
8 upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or
9 termination, rates of payment or other forms of compensation; and selection for training,
10 including apprenticeship. The Contractor agrees to post in conspicuous places, available
11 to employees and applicants for employment, notices to be provided by the Contracting
12 Officer setting forth the provisions of this nondiscrimination clause.

13 (2) The Contractor will, in all solicitations or advertisements for employees
14 placed by or on behalf of the Contractor, state that all qualified applicants will receive
15 consideration for employment without discrimination because of race, color, religion, sex,
16 or national origin.

17 (3) The Contractor will send to each labor union or representative of workers
18 with which it has a collective bargaining agreement or other contract or understanding, a
19 notice, to be provided by the Contracting Officer, advising the said labor union or
20 workers' representative of the Contractor's commitments under Section 202 of Executive
21 Order 11246 of September 24, 1965, and shall post copies of the notice in conspicuous
22 places available to employees and applicants for employment.

23 (4) The Contractor will comply with all provisions of Executive Order No.
24 11246 of September 24, 1965, as amended, and of the rules, regulations, and relevant
25 orders of the Secretary of Labor.

26 (5) The Contractor will furnish all information and reports required by said
27 amended Executive Order and by the rules, regulations, and orders of the Secretary of
28 Labor, or pursuant thereto, and will permit access to its books, records, and accounts by
29 the Contracting Officer and the Secretary of Labor for purposes of investigation to
30 ascertain compliance with such rules, regulations, and orders.

31 (6) In the event of the Contractor's noncompliance with the nondiscrimination
32 clauses of this contract or with any of the said rules, regulations, or orders, this contract
33 may be canceled, terminated, or suspended, in whole or in part, and the Contractor may
34 be declared ineligible for further Government contracts in accordance with procedures
35 authorized in said amended Executive Order, and such other sanctions may be imposed
36 and remedies invoked as provided in said Executive Order, or by rule, regulation, or order
37 of the Secretary of Labor, or as otherwise provided by law.

(7) The Contractor will include the provisions of paragraphs (1) through (7) in every subcontract or purchase order unless exempted by the rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of said amended Executive Order, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as may be directed by the Secretary of Labor as a means of enforcing such provisions, including sanctions for noncompliance: Provided, however, That in the event the Contractor becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.

GENERAL OBLIGATION--BENEFITS
CONDITIONED UPON PAYMENT

21. (a) The obligation of the Contractor to pay the United States as provided in this contract is a general obligation of the Contractor notwithstanding the manner in which the obligation may be distributed among the Contractor's water users and notwithstanding the default of individual water users in their obligations to the Contractor.

(b) The payment of charges becoming due hereunder is a condition precedent to receiving benefits under this contract. The United States shall not make water available to the Contractor through project facilities during any period in which the Contractor may be in arrears in the advance payment of water rates due the United States. The Contractor shall not furnish water made available pursuant to this contract for lands or parties which are in arrears in the advance payment of water rates levied or established by the Contractor.

COMPLIANCE WITH CIVIL RIGHTS LAWS
AND REGULATIONS

22. (a) The Contractor shall comply with Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), Section 504 of the Rehabilitation Act of 1975 (P.L. 93-112, as amended), the Age Discrimination Act of 1975 (42 U.S.C. 6101, et seq.) and any other applicable civil rights laws, as well as with their respective implementing regulations and guidelines imposed by the U.S. Department of the Interior and/or Bureau of Reclamation.

(b) These statutes require that no person in the United States shall, on the grounds of race, color, national origin, handicap, or age, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity receiving financial assistance from the Bureau of Reclamation. By executing this contract, the Contractor agrees to immediately take any measures necessary to implement this obligation, including permitting officials of the United States to inspect premises, programs, and documents.

(c) The Contractor makes this agreement in consideration of and for the purpose of obtaining any and all Federal grants, loans, contracts, property discounts or other Federal financial assistance extended after the date hereof to the Contractor by the Bureau of

1 Reclamation, including installment payments after such date on account of arrangements for
2 Federal financial assistance which were approved before such date. The Contractor recognizes
3 and agrees that such Federal assistance will be extended in reliance on the representations and
4 agreements made in this Article, and that the United States reserves the right to seek judicial
5 enforcement thereof.

6 PRIVACY ACT COMPLIANCE

7 23. (a) The Contractor shall comply with the Privacy Act of 1974 (5 U.S.C. 552a)
8 (the Act) and the Department of the Interior rules and regulations under the Act (43 CFR 2.45 et
9 seq.) in maintaining landholder acreage certification and reporting records, required to be
10 submitted to the Contractor for compliance with sections 206 and 228 of the Reclamation
11 Reform Act of 1982 (96 Stat. 1266), and pursuant to 43 CFR 426.10.

12 (b) With respect to the application and administration of the criminal penalty
13 provisions of the Act (5 U.S.C. 552a(i)), the Contractor and the Contractor's employees responsi-
14 ble for maintaining the certification and reporting records referenced in (a) above are considered
15 to be employees of the Department of the Interior. See 5 U.S.C. 552a(m).

16 (c) The Contracting Officer or a designated representative shall provide the
17 Contractor with current copies of the Interior Department Privacy Act regulations and the Bureau
18 of Reclamation Federal Register Privacy Act System of Records Notice (Acreage Limitation--
19 Interior, Reclamation-31) which govern the maintenance, safeguarding, and disclosure of
20 information contained in the landholder's certification and reporting records.

21 (d) The Contracting Officer shall designate a full-time employee of the Bureau
22 of Reclamation to be the System Manager who shall be responsible for making decisions on
23 denials pursuant to 43 CFR 2.61 and 2.64 amendment requests pursuant to 43 CFR 2.72. The
24 Contractor is authorized to grant requests by individuals for access to their own records.

25 (e) The Contractor shall forward promptly to the System Manager each
26 proposed denial of access under 43 CFR 2.64; and each request for amendment of records filed
27 under 43 CFR 2.71; notify the requester accordingly of such referral; and provide the System
28 Manager with information and records necessary to prepare an appropriate response to the
29 requester. These requirements do not apply to individuals seeking access to their own certifica-
30 tion and reporting forms filed with the Contractor pursuant to 43 CFR 426.10, unless the
31 requester elects to cite the Privacy Act as a basis for the request.

32 CONTRACTOR TO PAY CERTAIN MISCELLANEOUS COSTS

33 24. In addition to all other payments to be made by the Contractor pursuant to this
34 contract, the Contractor shall pay to the United States, within sixty (60) days after receipt of a bill
35 and detailed statement submitted by the Contracting Officer to the Contractor for such specific

1 items of direct cost incurred by the United States for work requested by the Contractor associated
2 with this interim renewal contract plus a percentage of such direct costs for administrative and
3 general overhead in accordance with applicable Bureau of Reclamation policy and procedures.
4 All such amounts referred to in this Article shall not exceed the amount agreed to in writing in
5 advance by the Contractor. This Article shall not apply to costs for routine contract administra-
6 tion.

7 WATER CONSERVATION

8 25. (a) Prior to the delivery of water provided from or conveyed through Federally
9 constructed or Federally financed facilities pursuant to this contract, the Contractor shall be
10 implementing an effective water conservation program based on the Contractor's water conserva-
11 tion plan that has been determined by the Contracting Officer to meet the conservation and
12 efficiency criteria established under Federal law. The water conservation program shall contain
13 definite water conservation objectives, appropriate economically feasible water conservation
14 measures, and time schedules for meeting those objectives.

15 (b) Should the combined amount of M&I Water delivered pursuant to
16 subdivision (a) of Article 3 during the term of this interim renewal contract equal or exceed
17 2,000 acre-feet , the Contractor shall implement the Best Management Practices identified by and
18 the time frames issued by the California Urban Water Conservation Council unless any such
19 practice is determined by the Contracting Officer to be inappropriate for the Contractor.

20 (c) As part of the water conservation program, the Contractor shall develop
21 and be implementing a tiered block water pricing program that promotes conservation and the
22 efficient management of Project Water during the term of this contract. Such pricing program for
23 Project Water shall take into account all relevant circumstances, including without limitation,

1 water shortages imposed under this interim renewal contract and the availability and cost of the
2 Contractor's and individual water user's non-Project alternative sources of supply, including
3 ground water and other non-Project water supplies, so that the Contractor's pricing structure
4 provides incentives for conservation and the efficient management of overall water supply
5 available to water users served by the Contractor. Provided, That no such tiered block water
6 pricing program need be implemented by the Contractor if the Contracting Officer determines,
7 based on information provided by the Contractor, that (i) such a pricing structure will not result
8 in significant conservation of water available for use within the Contractor's service area,
9 including ground water or (ii) other pricing program, conservation or management measures are
10 more appropriate and/or will result in comparable or better conservation of the water supplies
11 available within the Contractor's boundaries. Provided further, If the Contractor fails to, or elects
12 not to, comply with this subdivision of Article 25, then any subsequent interim renewal contract
13 shall contain a tiered pricing contractual provision pursuant to subsection (d) of Section 3405 of
14 the CVPIA.

15 (d) The Contractor shall submit to the Contracting Officer by
16 December 31, of each Calendar Year, an annual report on the status of its implementation of the
17 water conservation program.

18 EXISTING OR ACQUIRED WATER OR WATER RIGHTS

19 26. Except as specifically provided in Article 17 of this contract, the provisions of this
20 interim renewal contract shall not be applicable to or affect water or water rights now owned or
21 hereafter acquired by the Contractor or any user of such water within the Contractor's Service
22 Area from other than the United States by the Contractor. Any such water shall not be consid-
23 ered Project Water under this contract. In addition, this interim renewal contract shall not be

1 construed as limiting or curtailing any rights which the Contractor or any water user within the
2 Contractor's Service Area acquires or has available under any other contract pursuant to the
3 Federal Reclamation law.

4 SALES AND DELIVERY OUTSIDE OF CONTRACTOR SERVICE AREA

5 27. The Contractor may enter into contracts for the sale and/or delivery of Project
6 water to certain water-users or water-user organizations who are located outside the Service Area
7 of the Contractor and who are not under contract with the United States for supply of Project
8 Water: Provided, That the validity of any such contract shall be expressly conditioned upon prior
9 approval by the Contracting Officer; Provided, That any such contract for sale of Project Water
10 to an entity, organization, or person which resells or redistributes the water to end-users shall
11 require that the water-purchaser submit a water conservation plan or program in accordance with
12 Article 25 to the Contracting Officer - or a substitute acceptable to the Contracting Officer - in a
13 form acceptable to the Contracting Officer, and subject to ongoing monitoring and enforcement
14 by the Contracting Officer.

15 CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

16 28. The expenditure or advance of any money or the performance of any obligation of
17 the United States under this contract shall be contingent upon appropriation or allotment of
18 funds. Absence of appropriation or allotment of funds shall not relieve the Contractor from any
19 obligations under this contract. No liability shall accrue to the United States in case funds are not
20 appropriated or allotted.

21 BOOKS RECORDS AND REPORTS

22 29. The Contractor shall establish and maintain accounts and other books and records
23 pertaining to administration of the terms and conditions of this contract, including: the Contrac-
24 tor's financial transactions, water supply data, and Project land and right-of-way agreements; the
25 water users' land-use (crop census), landownership, land-leasing and water use data; and other
26 matters that the Contracting Officer may require. Reports thereon shall be furnished to the
27 Contracting Officer in such form and on such date or dates as the Contracting Officer may
28 require. Subject to applicable Federal laws and regulations, each party to this contract shall have

1 the right during office hours to examine and make copies of the other party's books and records
2 relating to matters covered by this contract.

3 ASSIGNMENT LIMITED--SUCCESSORS AND ASSIGNS OBLIGATED

4 30. (a) The provisions of this contract shall apply to and bind the successors and
5 assigns of the parties hereto, but no assignment or transfer of this contract or any right or interest
6 therein shall be valid until approved in writing by the Contracting Officer.

7 (b) The assignment of any right or interest in this interim renewal contract by
8 either party shall not interfere with the rights or obligations of the other party to this interim
9 renewal contract absent the written concurrence of said other party.

10 SEVERABILITY

11 31. In the event that a person or entity who is neither (i) a party to a Project interim
12 renewal contract, nor (ii) a person or entity that receives Project Water from a party to a Project
13 interim renewal contract, nor (iii) an association or other form of organization whose primary
14 function is to represent parties to Project interim renewal contracts, brings an action in a court of
15 competent jurisdiction challenging the legality or enforceability of a provision included in this
16 interim renewal contract and said person, entity, association, or organization obtains a final court
17 decision holding that such provision is legally invalid or unenforceable and the Contractor has
18 not intervened in that lawsuit in support of the plaintiff(s), the parties to this interim renewal
19 contract shall use their best efforts to (i) within thirty (30) days of the date of such final court
20 decision identify by mutual agreement the provisions in this interim renewal contract which must
21 be revised, and (ii) within three (3) months thereafter promptly agree on the appropriate revision(s). The time periods specified above may be extended by mutual agreement of the parties.
22 Pending the completion of the actions designated above, to the extent it can do so without
23 violating any applicable provisions of law, the United States shall continue to make the quantities
24

1 of Project Water specified in this interim renewal contract available to the Contractor pursuant to
2 the provisions of this interim renewal contract which were not found to be legally invalid or
3 unenforceable in the final court decision.

4 OFFICIALS NOT TO BENEFIT

5 32. No Member of or Delegate to Congress, Resident Commissioner or official of the
6 Contractor shall benefit from this contract other than as a water user or landowner in the same
7 manner as other water users or landowners.

8 CHANGES IN CONTRACTOR'S BOUNDARIES OR SERVICE AREA

9 33. While this contract is in effect, no change may be made in the Contractor's
10 boundaries, or Service Area by inclusion or exclusion of lands, dissolution, consolidation,
11 merger or otherwise, except upon the Contracting Officer's written consent.

12 NOTICES

13 34. Any notice, demand, or request authorized or required by this contract shall be
14 deemed to have been given, on behalf of the Contractor, when mailed, postage prepaid, or
15 delivered to the Area Manager, Bureau of Reclamation, Northern California Area Office, 16349
16 Shasta Dam Boulevard, Shasta Lake, California 96019-8400, and on behalf of the United States,
17 when mailed, postage prepaid, or delivered to the Board of Directors of the Clear Creek
18 Community Services District, 5880 Oak Street, Anderson, California 96007. The designation of
19 the addressee or the address may be changed by notice given in the same manner as provided in
20 this Article for other notices.

21 CONTINUATION OF CONTRACT NO. 14-06-200-489-A

22 35. The parties hereto acknowledge and agree that Part A (i.e., Articles 2 through 10)
23 of Contract No. 14-06-200-489-A (as amended, and as modified by the letter agreement dated
24 December 14, 1971) is replaced by this interim renewal contract. The respective duties,
25 covenants, and obligations of the parties in Contract No. 14-06-200-489-A, as amended, which
26 are not replaced by this interim renewal contract shall continue in full force and effect, pending
27 prompt completion of good faith negotiations between the parties to agree upon an amendatory
28 contract.

1 IN WITNESS WHEREOF, the parties hereto have executed this interim renewal contract as of
2 the day and year first above written.

3 THE UNITED STATES OF AMERICA

4 By: /s/ Lowell F. Ploss
5 Acting Regional Director
6 Mid-Pacific Region
7 Bureau of Reclamation

8 CLEAR CREEK COMMUNITY SERVICES DISTRICT

9 By: /s/ Larry Russell
10 President

11 Attest: /s/ Charlotte Workman-Flowers
12 Secretary

13 (SEAL)

APPROVED AS TO LEGAL
FORM AND SUFFICIENCY

/s/ James E. Turner

OFFICE OF REGIONAL SOLICITOR
DEPARTMENT OF THE INTERIOR